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number may be of some use in ascertaining objective use-value, though this is of relatively little significance, compared with the subjective significance of a given money quantity (p. 221). As an agency for historical and statistical investigations into prices, the index number may render a useful service; but it is of no significance for the development of the theory of the value of money (p. 217). A proposal recently made to use the budgets of a number of individuals for the construction of an index number based upon the real incomes of these persons, is given greater approval than the index number based upon price quotations, though the practical difficulties in the way of a proper application of the principle are recognized (p. 219).

So much for the point of view in this book. The attempt at a psychological basis for economic theory may be pleasing to some, but to the reviewer it appears to be relatively futile. Granted that in a certain sense the roots of these theories run down into the unknown strata of self, an overemphasis of these vague unknowable origins negatives all theorizing. Behind the phenomena of price may lie certain real but intangible subjective considerations which are indeterminable, and hence unmeasurable. But there are certain external objective phenomena of price which may be known, recorded, and studied; and on the basis of these objective manifestations safe conclusions may be drawn regarding the course of prices and its relation to human welfare. What further object is there to be attained? The elaborate refinements of the extreme devotee of the psychological school appear to confuse rather than to clarify useful thinking in the field of economics proper.

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Der Zinsfuß seit 1895. By HEINRICH BICHMANN. (Berlin: Puttkammer und Mühlbrecht. 1912. Pp. 154. 5.20 m.)

Instead of trying to take any one rate as the usual or general rate of interest, such as the rate on first mortgages or Imperial bonds, the author outlines the course of the interest rate on all the more important classes of loans. The discussion includes the official rate of discount (the Reichsbank rate); market or private rate of discount; rate of interest on short-term agricultural and commercial credits, such as those made by the Raiffeisen and Schulze-Delitsche societies; the yield of the most stable bond

issues, imperial, communal, municipal, and certain classes of corporation bonds; and finally the rate of interest on first mortgages and debentures issued by the *Landschaften* in Germany. The whole epoch from 1895 to the present day is divided into four periods: (1) 1895-1900, in which the interest rate increased; (2) 1900-1902, in which the interest rate declined; (3) 1902-1907, in which the interest rate increased rapidly reaching its highest point in the panic year 1907; and (4) 1907 to the present time, in which there has been a readjustment of the exceptionally high rates of 1907.

In a brief preface the theory of interest, the method of determining interest, and the different kinds of interest are presented (pp. 7-12). The three main chapters of the book discuss the interest rates on (1) short-time loans (pp. 15-80), (2) various classes of bonds (pp. 80-134), and (3) mortgages (pp. 135-137). The last part of the book is devoted to a rather long summary (pp. 137-152).

The rise in the interest rate on all classes of loans during the greater part of the period is ascribed to the extraordinary growth of the demand for capital in Germany (p. 151). Business depression in 1900-1902 and again in 1908-1910 caused a temporary fall in the interest rates; but in general the demand for capital increased more rapidly than the new production of capital. About the year 1895 a period of great business activity developed in Germany. The introduction of electrical power brought a demand for copper, iron and steel, coal, and other raw products; and led to the stimulation of business along all lines. Cartels and large corporations were formed. The steady growth of trade and production brought a demand for loan capital to meet the current needs of business. Again new investment opportunities both at home and abroad flooded the market with high-grade bonds. The Spanish-American, Transvaal, and Russo-Japanese wars; railroad building in the Balkan States and in the colonies; the development of municipal and communal enterprises; the "ever-widening functions of the Imperial government"; and the growth of large corporations supplied the market with bonds issued against ample security which tended to force down the price and increase the yield.

The appendix contains a large number of interesting and valuable tables and diagrams. These take up such items as: the Reichsbank rate of discount, consumption and prices of important

raw materials, bond issues since 1894, new flotations of joint-stock companies, German and foreign gold reserves, and tables showing the monthly and yearly prices of various classes of bonds.

The book is timely, well planned and organized, and places before the reader an abundance of evidence relating to the factors which influence the interest rate. The investigation is limited to Germany; the bibliography is entirely German; and the point of view is German. Inasmuch as the panic of 1907 in the United States played such an important part in fixing the high rates of that year, it seems to the reviewer that the author would have been able to obtain a fairer perspective and to discuss more pointedly the influence of the panic upon Germany (pp. 57-61) if he had consulted the wealth of material in English.

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Untersuchungen über Preisbildung: Ueber Gesteckungskosten im Buchdruckgewerbe. By T. FRANCKEN; *Einfluss der Konjunkturen auf die Preisentwicklung der unedlen Metalle und der Steinkohlen seit 1890.* By L. HERTEL; *Die Preisgestaltung der inländischen Braunkohlen seit 1890 in den Oberbergamtsbezirken Bonn und Halle.* By J. SCHRADER. Schriften des Vereins für Sozialpolitik, Vol. 142, Part 1. (Leipzig: Duncker und Humblot, 1912. Pp. 251. 6 m.)

Untersuchungen über Preisbildung: Die Verteuerung der Lebensmittel in Berlin im Laufe der letzten 30 Jahre und ihre Bedeutung für den Berliner Arbeiterhaushalt. By GUSTAV BRUTZER. Schriften des Vereins für Sozialpolitik, Vol. 139, Part 2. (Leipzig: Duncker und Humblot. 1912. Pp. 88. 3 m.)

Die Preissteigerung des letzten Jahrzehnts. By FRANZ EULENBURG. (Leipzig: B. G. Teubner. 1912. Pp. 96. 2.40 m.)

Il Movimento dei Prezzi e dei Salari nell'Anno 1911 a Trieste. By MARIO ALBERTI. Pubblicazioni del Museo Commerciale. (Trieste: E. Vram. 1912. Pp. 114.)

Die Fleischversorgung der Grosstädte unter besonderer Berücksichtigung der Preisbildung und Preisentwicklung, dargestellt auf Grund der Verhältnisse der Stadt Cöln. By FRITZ ROTHE. (M. Gladbach: Volksvereins-Verlag. 1912. Pp. 144. 3 m.)

The Verein für Sozialpolitik—the German association of econo-